

lec [Cambalec], which is the capital city of the country of Cathay, is thirty days' journey.

three classes; viz., notes of *tens*, i.e. of 10, 20, 30, and 50 *tsien* or cash; notes of hundreds, of 100, 200, and 500 *tsien*; and notes of *strings* or thousands of cash, viz. of 1000 and 2000. This money, however, was worth only half its nominal value, so that two notes of 1000 cash went for an ounce of pure silver. There were also notes printed on silk, for 1, 2, 3, 5 and 10 ounces each, valued at par in silver; but these would not circulate. In 1277 Kublai made a new issue of very small notes; and a complete new currency in 1288. One of these new notes was as before worth half its nominal value in silver, but was to be exchanged against *five* of equal nominal value of the old notes!

In 1309 a new issue took place with a like valuation; i.e., one ounce note of this issue was to exchange against five of Kublai's last issue, and therefore against twenty-five of his older notes! And it was at the same time prescribed that the new notes should exchange at par with metals, which of course it was beyond the power of government to enforce, and so the notes were abandoned.

Issues continued from time to time to the end of the Mongol dynasty, but according to the Chinese authors with credit constantly diminishing. This depreciation might easily escape Odoric, but it is curious that it should be so entirely ignored by Pegolotti, whose informants must have been mercantile men. In fact he asserts positively that there was no depreciation. (*See below.*)

The remarks of Matwanlin, a medieval Chinese historian, on this subject are curiously like a bit of modern controversy: "Paper should never be *money*; it should only be employed as a representative sign of value existing in metals or in produce, which can thus be readily exchanged for paper, and the cost of its transport avoided. At first this was the mode in which paper currency was actually used among merchants. The government, borrowing the invention from private individuals, wished to make a real *money* of paper, and thus the original contrivance was perverted."

The Ming dynasty for a time carried on the system of their predecessors, and with like results, till in 1448 the *chao*, or note, of 1000 cash, was worth but 3! Barbaro still heard of the paper money of Cathay from travellers whom he met at Azov about this time, but after 1455 there is said to be no more mention of it in Chinese history.

Though the government of China has not issued paper money since then, there has been considerable local use of such currency among the people, even in our own time. In Fucheu some years ago it had almost displaced bullion, and in that city the banking houses were counted by hundreds. Though the system was under no efficient control, few notes were below par, and failures of any magnitude were rare. The notes were chiefly from copper plates (and such notes were engraved in China as early as 1168) and ranged in value from 110 cash to 1000 dollars.

Kaikhátu Khan of Persia was persuaded to attempt the introduction